

**Proposed Statutory Appropriation for Transfer of Hard Rock Mining Impact  
(HRMI) Trust Account Funds to Counties of Origin**

Current state law provides:

**90-6-331. Fund transfer.** Prior to each October 31, all money segregated by county in the hard-rock mining impact trust account following allocation to the hard-rock mining impact trust account established in 90-6-304(2) as of September 30 immediately preceding must be transferred to the county for which the funds have been held in deposit. The funds transferred must be deposited in the county hard-rock mine trust account established in 7-6-2225.

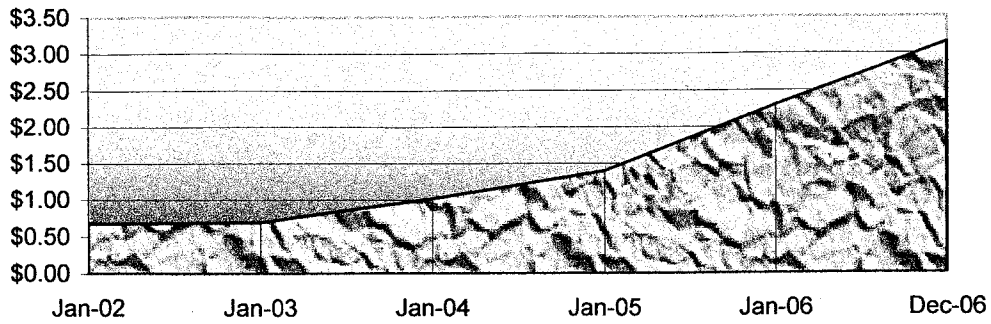
**History:** En. Sec. 10, Ch. 672, L. 1989; amd. Sec. 2, Ch. 376, L. 1991; amd. Sec. 2, Ch. 616, L. 1991; amd. Sec. 37, Ch. 389, L. 1999; amd. Sec. 4, Ch. 464, L. 1999; amd. Sec. 5, Ch. 598, L. 2005.

The Hard Rock Mining Impact (HRMI) Board is attached to the Department of Commerce for administrative purposes. In the past, the Department has budgeted for the disbursements provided for in 90-6331, MCA, (above) in House Bill 2. However, due to the volatility of precious metals prices and the resulting increases in metalliferous mines license taxes paid into the Hard Rock Mining Trust Account by mining companies, the amount of funds to be passed through to the counties has fluctuated dramatically and unpredictably during the past four years. Revenues are highly variable because of the increasing market prices for precious metals including copper, gold, platinum, and silver. (See attached charts.) For example, in May 2006, gold prices reached a 26-year high of \$732 per ounce. In addition, the unanticipated re-opening of the Montana Resources copper mine at Butte and a copper and silver mine at Troy also created a surge in mineral revenues. According to the U of M Bureau of Business and Economic Research, as of June 2006, copper is at an all time high and the economic growth in China is a major force in terms of the demand for the metal ores found in Montana.

As a result, it has been very difficult to accurately budget for the amount of funds to be transferred from the Hard Rock Mining Trust Account to the impacted counties. For the past four fiscal years, the amount of metalliferous mines license taxes required to be transferred to the counties of origin has exceeded the authorized spending authority provided by the Legislature. Without sufficient State Special Revenue appropriation authority, the Department would be unable to disburse monies to the impacted counties as required by law. The best, long-term solution to prevent that situation would be to provide a statutory appropriation for the transfer of metalliferous mines license taxes to the impacted counties.

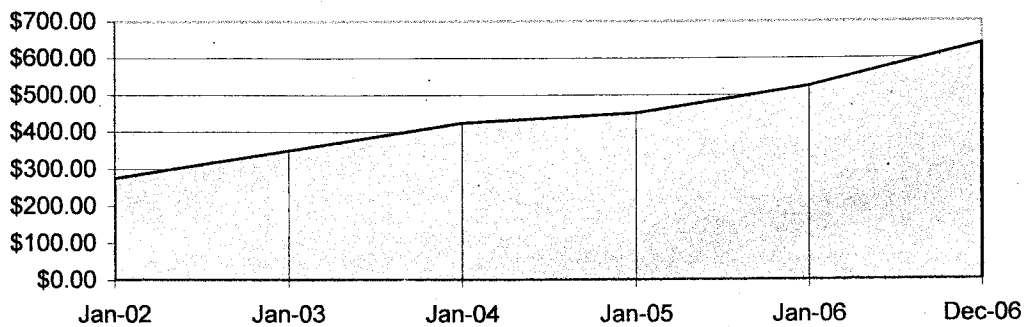
# Rising Metal Prices

**COPPER price per pound**



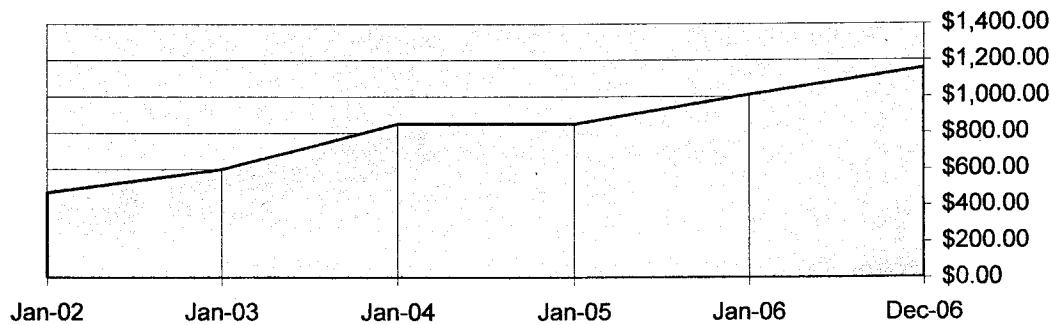
□ COPPER  
price per  
pound

**GOLD price per ounce**



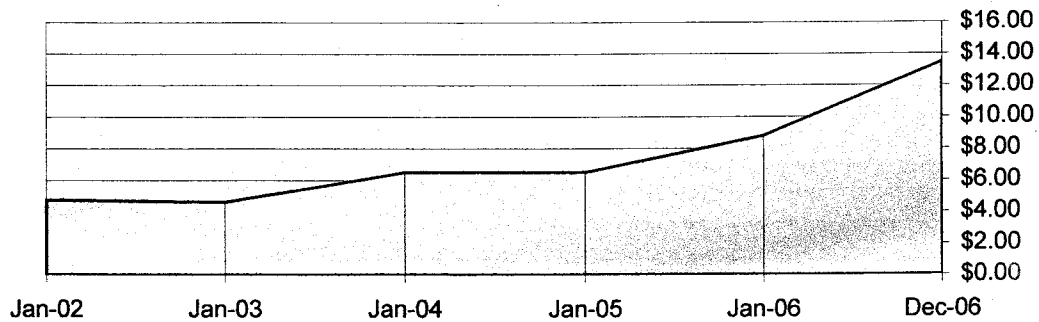
□ GOLD  
price per  
ounce

**PLATINUM price per ounce**



□ PLATINUM  
price per  
ounce

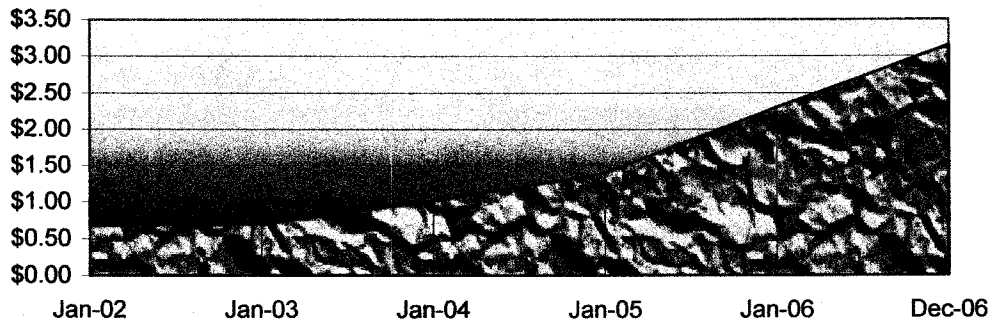
**SILVER price per ounce**



□ SILVER  
price per  
ounce

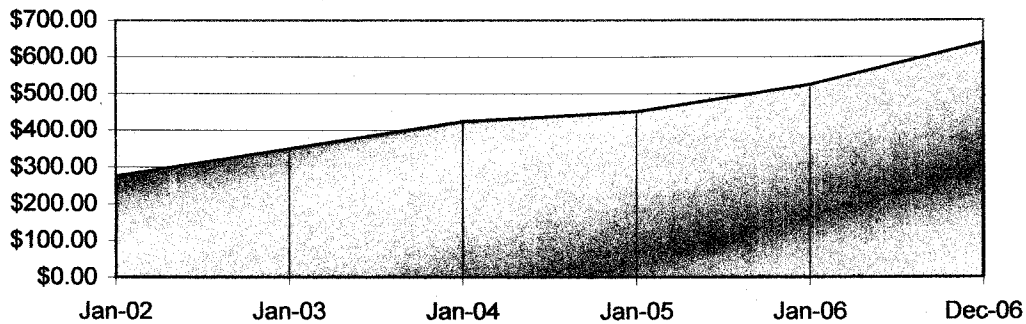
# Rising Metal Prices

**COPPER price per pound**



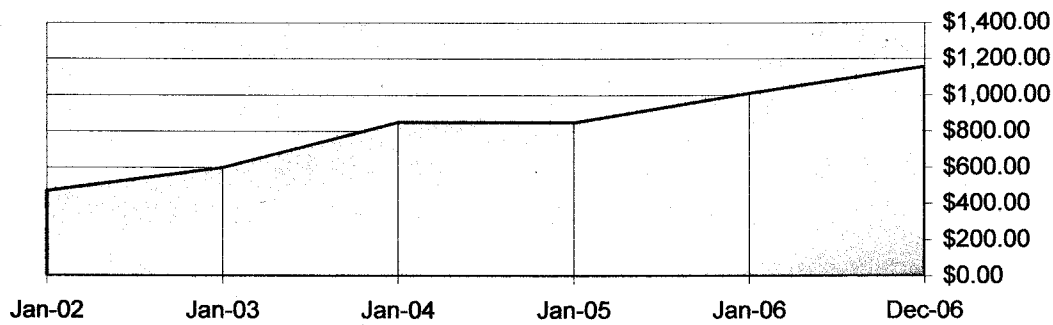
□ **COPPER**  
price per  
pound

**GOLD price per ounce**



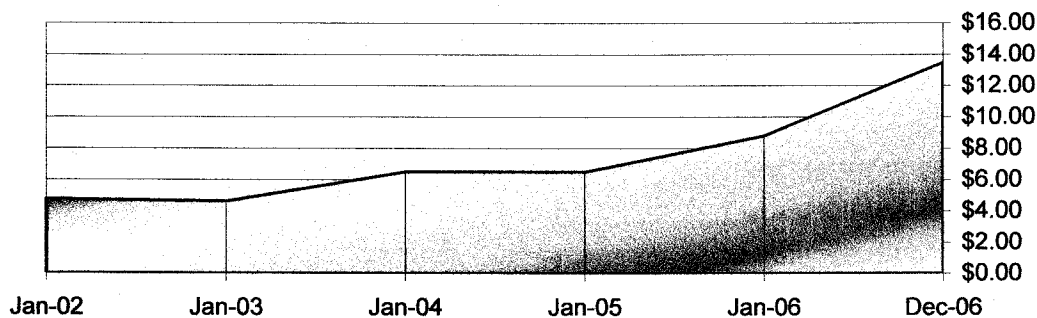
□ **GOLD**  
price per  
ounce

**PLATINUM price per ounce**



□ **PLATINUM**  
price per  
ounce

**SILVER price per ounce**



□ **SILVER**  
price per  
ounce

Montana Department of Commerce  
 Historical Analysis Hard Rock Mining Impact Funds to Counties  
 William Hoffmann (841-2720)

9/25/2006

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	Totals
MBARS Budgeted	\$ -	\$ -	\$ -	\$ -	\$ 16,916	\$ 16,916	\$ 100,000	\$ 100,000	\$ 233,832
SABHRS FYE Budgeted	\$ -	\$ -	\$ -	\$ 19,000	\$ 39,416	\$ 148,175	\$ 169,000	\$ 269,190	\$ 644,781
MBARS/SABHRS FYE Variance	\$ -	\$ -	\$ -	\$ (19,000)	\$ (22,500)	\$ (131,259)	\$ (69,000)	\$ (169,190)	\$ (410,949)
SABHRS FYE Disbursements	\$ -	\$ -	\$ -	\$ 18,247	\$ 39,356	\$ 148,171	\$ 168,861	\$ 269,189	\$ 643,825
SABHRS Budgeted/Disbursed Variance	\$ -	\$ -	\$ -	\$ 753	\$ 60	\$ 4	\$ 139	\$ 1	\$ 956

**MONTANA  
HARD ROCK MINING  
IMPACT BOARD**

Date: September 27, 2006

**MEMORANDUM**

**TO:** Teri Juneau, Management Services

**FR:** Joe LaForest

**RE:** Warrants for Transfer from Account # 02049, Hard Rock Mining Impact Trust Account

As required by sections 90-6-304, MCA and 90-6-331, MCA, the Hard Rock Mining Impact Board must transfer the following amounts from the state special revenue fund #02049 to the respective County Treasurers.

<u>COUNTY</u>	<u>MINE</u>	<u>ALLOCATION</u>
Madison	Oro Management	\$ 0
Jefferson	Golden Sunlight	\$ 12,802.47
Jefferson	Montana tunnels	\$ 6,142.60
Lincoln	Genesis, Inc.	\$ 8,125.62
Silver Bow	MT. Resources	\$144,565.40
Sweet Grass	Stillwater E. Boulder	\$ 27,728.04
Sweet Grass	Stillwater Nye	\$ 24,438.72
Stillwater	Stillwater Nye	<u>\$ 45,386.20</u>
	<b>TOTAL</b>	<b>\$269,189.05</b>

The total amount of this post FY 2006 transfer is \$269,189.05. Our responsibility center is 60203.

As required by section 90-6-331, MCA, each county must deposit the entire amount into the county hard-rock trust reserve account established as provided by 7-6-2225, MCA.

Jefferson and Sweet Grass Counties have two metal mines license tax paying mines and must maintain a separate hard-rock trust reserve account for each mine. On the advice for each warrant to Jefferson County and Sweet Grass County, please note the amount attributable to each mine.

Please **HOLD** the warrants and **CALL** me when they are ready so that we can forward them with a cover letter.

cc: HRMI Board Members  
Dave Cole, CDD Administrator  
Bill Hoffman (Management Services)  
Ellen Hanpa

The Property Tax Base Sharing Act provides for a formula-based allocation of the taxable valuation of the hard rock mineral development among affected counties, municipalities and school districts. The allocations are based on the place of residence of the hard rock mineral development employees and their school age children.

The five-member Hard-Rock Mining Impact Board is appointed by the Governor in compliance with specific statutory criteria. The Board is attached to the Department of Commerce for administrative purposes.

Depending upon the issues before the Board, the meetings may be held in various locations throughout the State. All Board meetings are open to the public and citizen participation is encouraged. Public comment on any matter that is within the jurisdiction of the Board will be allowed at all Board meetings. The opportunity for public comment will be reflected on the meeting agenda and incorporated into the official minutes of the meeting. Board meetings are held at facilities that are fully accessible to persons with disabilities. Any person needing reasonable accommodations must notify the Hard-Rock Board at 406-841-2782 or TDD at 406-841-2702 before the scheduled meeting to allow for arrangements.

If you request to be on the mailing list, an agenda will be sent to you approximately two weeks prior to the meeting of the Hard-Rock Mining Impact Board. For more visit our web site at:

[http://comdev.mt.gov/CDD\\_HR.asp](http://comdev.mt.gov/CDD_HR.asp) or

Hard-Rock Mining Impact Board  
Department of Commerce  
Park Avenue Building  
301 South Park Avenue suite 203  
Helena, Montana 59620-0523  
406-841-2770

#### **Hard Rock Mining Impact Board Members**

Mary Ellen Cremer – Big Timber  
Don Kinsey – Big Timber  
Kristen Koss – Custer  
Sandra Muster – Thompson Falls  
Ed Tinsley – Helena

#### **Administrative Staff:**

Joe LaForest, Administrative Officer  
406-841-2789  
Ellen Hanpa, Program Assistant  
406-841-2782

Alternative accessible formats of this document will be provided upon request. For further information, please contact the Board's administrative staff.

# **The Hard Rock Mining Impact Act And Property Tax Base Sharing Act**

**MARCH 2006**



Revised Mar 2006

Working with mineral developers and affected local governments, the 1981 Montana Legislature enacted the Hard-Rock Mining Impact Act. The purpose of the Act is to ensure that local government services and facilities will be available when and where they are needed as a result of new large-scale hard rock mineral developments and that the increased cost of these services will not burden the local taxpayer. In 1983, the Legislature also addressed on-going increased costs in taxing jurisdictions that do not include the hard rock mineral development within their boundaries and the fiscal and economic impacts of major workforce reduction and mine closure.

The Hard-Rock Mining Impact Act and the Property Tax Base Sharing Act are found in Title 90, Chapter 6, Parts 3 and 4 in the Montana Codes Annotated (MCA). Available at: [http://www.mt.gov/gov/mca\\_const.asp](http://www.mt.gov/gov/mca_const.asp)

To implement the Impact Act, the Hard-Rock Mining Impact Board has adopted administrative rules beginning with 8.104.101 in the Administrative Rules of Montana (ARM). Available at:

[http://www.mt.gov/gov/mca\\_const.asp](http://www.mt.gov/gov/mca_const.asp)

Under the Impact Act each new large-scale hard-rock mineral development in Montana is required to prepare a local government fiscal Impact Plan. In the plan the developer is to identify and commit to pay all increased capital and net operating costs to local government units that will result from the mineral development. The Impact Plan is a condition of the operating permit issued to the developer by the Montana Department of Environmental Quality.

The developer prepares the Impact Plan with the cooperation of the affected local governments. The developer then submits the proposed plan to the affected local government units and to the Hard-Rock Mining Impact Board for their formal review. Local governments review the plan for its accuracy and adequacy with respect to anticipated service and facility needs and costs. The Board reviews the plan for its compliance with the Hard-Rock Mining Impact Act and the administrative rules.

In the plan, the developer may commit to provide assistance that will prevent increased costs or may commit to pay increased costs through grants, property tax prepayments, or education impact bonds.

If a local government disagrees with any portion of the plan, the governing body may file an objection with the Hard-Rock Mining Impact Board during the 90-day review period. If the objection is not resolved through negotiation between the developer and the governing body, the Board holds a public hearing on the objection and arbitrates the dispute.

The Hard-Rock Mining Impact Board must approve the Impact Plan. The developer or an affected local government unit may petition the Board to amend an approved plan under those circumstances specified by statute or as provided in the Impact Plan itself.

A new hard rock mineral development that becomes "large-scale" after it has received its operating permit may petition the Board for a waiver from the requirements of the Act. The Board may grant a waiver or a conditional waiver or, following a public hearing, may require that an Impact Plan be prepared.

The Property Tax Base Sharing Act is triggered if the approved plan identifies a "jurisdictional revenue disparity," such as may occur if increased costs for local government services will occur in a local government unit which does not include the mine within its taxing jurisdiction.